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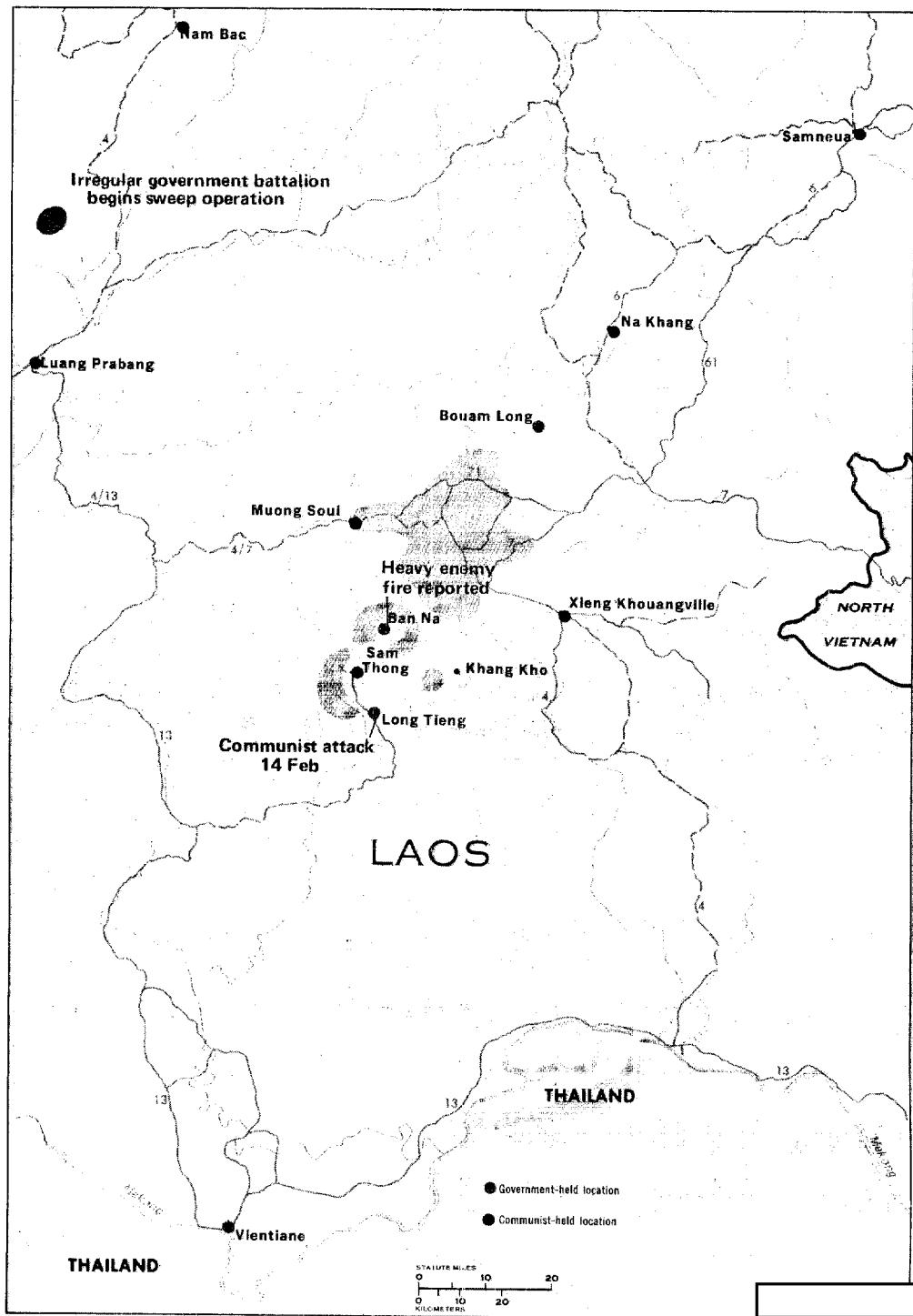
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LAOS: The Communists put heavy military pressure on government forces around the Long Tieng complex over the weekend, and more attacks may be in prospect.

General Vang Pao appears to have the situation at Long Tieng under control for now, following a costly early morning enemy attack on his headquarters on 14 February. An estimated two North Vietnamese companies overran a 105-mm. artillery position about a mile from the center of Long Tieng town, and spiked the gun before withdrawing to high ground on the southwest edge of the Long Tieng valley. From that position, the Communists shelled US installations and the base residential area, destroying the main supply warehouse, the diesel fuel depot, and billeting quarters. The electrical power station, the air operations building, and Vang Pao's home--which took a direct hit--were damaged, but can be repaired. The airstrip and the main gasoline and ammunition depots escaped damage. Government casualties are still uncertain, but at least 11 irregulars were killed and a number of civilians injured.

In the meantime, some 1,400 reinforcements arrived yesterday at Long Tieng and were being deployed in the town and along the high ground from which the enemy mortar attack came. The morale of the irregulars does not seem to have suffered appreciably as a result of the Communist attacks.

To the north of Long Tieng, the irregulars' position at Ban Na, which contains several key artillery emplacements, reportedly is under heavy enemy fire. The site is surrounded by well-entrenched Communist troops.

Other ground action in northern Laos was limited. Government irregulars are using the lull to improve their defensive positions northeast of

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Luang Prabang and have reoccupied ridge positions lost on 9 February. An irregular battalion has been airlifted into position about 25 miles north of Luang Prabang to conduct sweep operations.

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[On the political front]

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[Laotian National Assembly President Phoui Sananikone wants to convene an extraordinary session of the assembly to consider the worsening military situation in the north. Prime Minister Souvanna Phouma reportedly also wants the assembly to petition King Savang to leave Luang Prabang and come to Vientiane in the interest of his own safety. The King had previously indicated that he intended to stay in the royal capital despite any possible danger.]

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The nationwide state of emergency declared by the government on 12 February so far has had little visible effect.

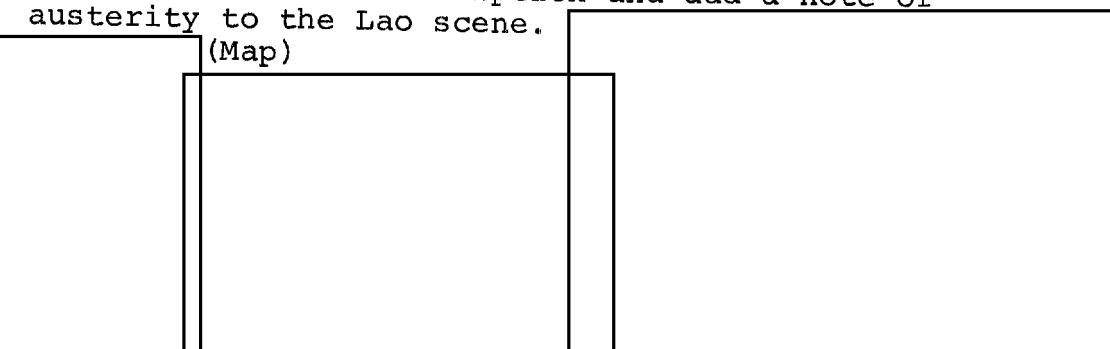
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[the declaration is intended only as a sop to the military, which had been eager to have Souvanna take this step. The state of emergency will, however, facilitate conscription and add a note of austerity to the Lao scene.]

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(Map)

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USSR: The draft directives for the ninth five-year plan that is to be presented at the 24th party congress, which opens on 30 March, indicate the moderate expectations for economic growth that have characterized pronouncements by the leadership during the past year.

According to the TASS summary of the directives, the average annual rates of increase planned for industry, agriculture, and other sectors are only slightly above those attained in the 1966-70 plan period. Given the somewhat lower rates of growth targeted for new investments and the labor force, the USSR will be hard pressed to better the overall growth rate of 5.5 percent which it is believed to have achieved in the last half of the 1960s.

Although data remain incomplete, the figures at hand on allocations to the principal claimants, investment, and consumption indicate a continuation of recent patterns. The somewhat lower rates of growth targeted for personal incomes compared to the past five years reflects official awareness of repressed inflation and pent-up demand.

Agricultural goals make clear that augmented resources decided on last year to improve farm production have not been abandoned. Special efforts are pledged to increase the supply of meat and other quality foods and to improve the overall quality of soft goods and consumer durables. The announced intention to hold the line on consumer prices, and even to reduce some, clearly was made with an eye to the recent events in Poland.

The announcement contains the usual pledge that the plan will ensure the further growth of the Soviet Union's "defense capacity" but does not provide any clear indication of the relative share of resources to be allocated to military programs. There are,

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however, enough references to priorities to be accorded to defense-related industries to suggest that defense's current share of resources will not be materially altered.

Brezhnev signed the Central Committee resolution approving the draft directives--further evidence of his increasing primacy in the leadership as the 24th party congress approaches. In the post-Stalin period, such documents have appeared only over the imprimatur of the Central Committee itself. Moreover, although

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[redacted] the directives were approved at a just-concluded plenum of the Soviet Central Committee, the TASS announcement was notably ambiguous on when and how the Central Committee acted.

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POLAND: As the parliament met on 13 February to reshuffle a number of government positions and to make economic policy changes, work stoppages occurred in central Poland.

A personal appearance by Premier Jaroszewicz before the striking workers in Lodz appears to have damped down the unrest, and most workers reportedly returned to their jobs on 15 February. Jaroszewicz told them that improvements in working conditions were being made, but that their pay demands were unrealistic and could not be met with the government's available resources.

The significant revisions in the 1971 plan and budget approved by the parliament are aimed at improving the lot of the workers. The plan now provides for more consumer goods, a reduction of food prices to the level prevailing in early December, an increase in the wages' fund to cover payments for increased productivity, and the transfer of some investments to consumer goods industries and to the development of consumer services. Taxes were raised 10-15 percent to provide funds for additional social and health services.

The announced personnel changes suggest that party leader Gierek is further determined to sweep out officials responsible for former economic policy shortcomings. Two deputy premiers in charge of economic sectors were ousted, including one who also held the post of planning chief; the slot he occupied remains vacant. The ministers of foreign trade and the food industry, both of whom dealt with areas of immediate economic concern to the regime, were replaced.

There were less significant shifts in the parliament's own leadership and in the ceremonial Council of State, Poland's collective presidency, caused by the ouster of several of ex-party leader Gomulka's associates from the party central committee on 6-7 February. The retention of Gomulka on the State Council, however, bears out Gierek's statement that the former first secretary would not be further punished, at least for now.

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PERU: [The government plans to request US military assistance and the reinstatement of the US military mission.]

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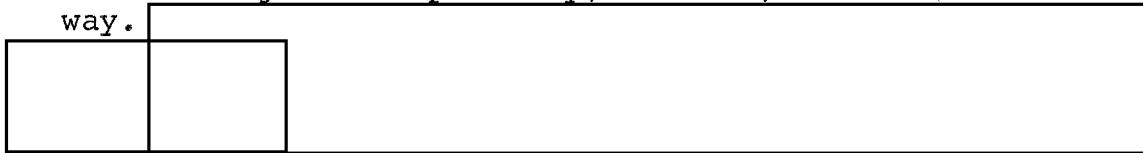
[Peru is traditionally fearful of Chilean military strength and has become even more distrustful since the election of President Allende. Military ties with the US have been at a low level ever since the US military group was withdrawn at Peru's request in 1969 and was replaced with a seven-man military assistance team. The government's willingness to expand these ties is an indication of the seriousness with which it views the potential danger from Chile.]

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NOTES

INTERNATIONAL OIL: Negotiations now shift to Libya, whose government will add its demands to the pact reached at Tehran. Sharp bargaining can be expected on the tax increase and mandatory reinvestment of a stated portion of oil company profits that Libya is insisting upon. Threats of production cutbacks or cutoffs are likely, as Libya is less concerned than were the Persian Gulf producers over reaction in West European consuming countries. Saudi Arabian and Iraqi officials who will attend the meetings in Tripoli may, however, smooth the way.

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USSR-CUBA: [A Soviet submarine tender and a nuclear-powered N-class torpedo attack submarine arrived at Cienfuegos on the morning of 14 February. U-2 photography [redacted] showed the submarine tender moored to the four buoys north of Cayo Alcatraz in the naval basin. A Soviet rescue tug, which has been in Cuban waters since last September, and the nuclear submarine that came across the Atlantic with the submarine tender were tied up alongside the tender. The two support barges delivered to Cienfuegos last September are also moored there. A Kresta-class guided-missile cruiser and a tanker continue their port visit in Havana.] [redacted]

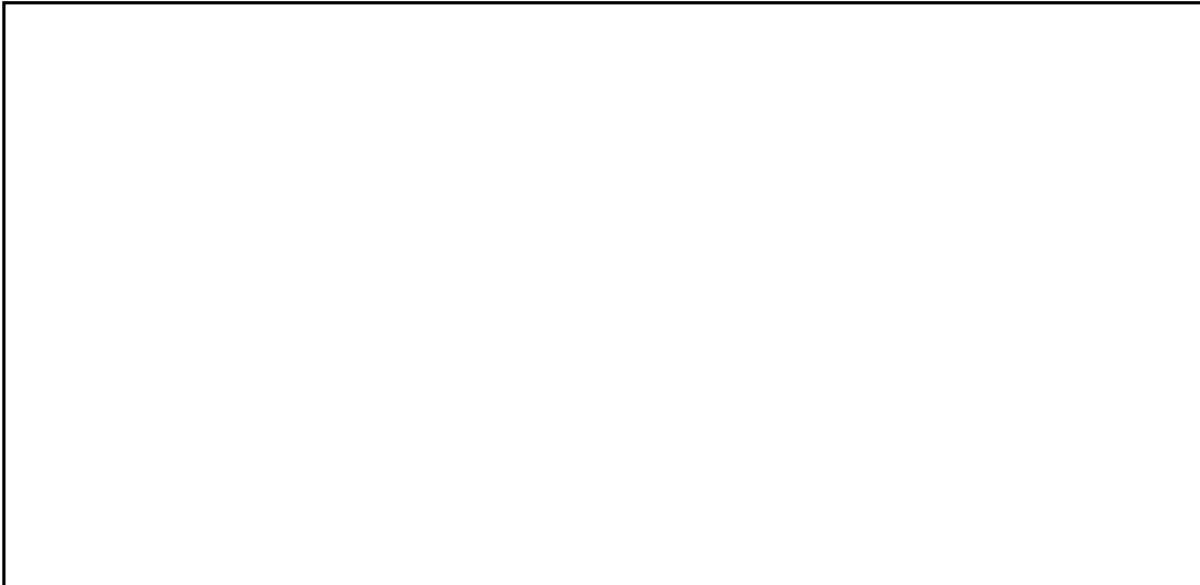
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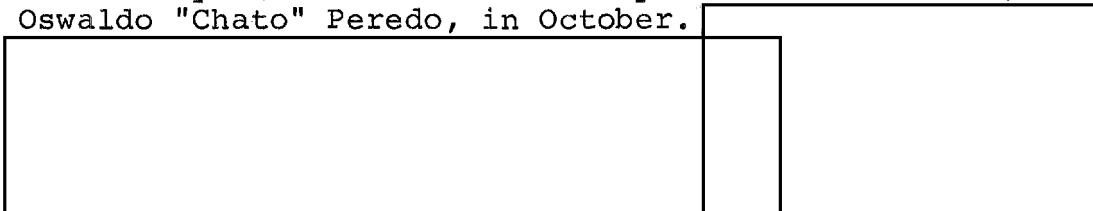


BOLIVIA: [Members of the extremist National Liberation Army (ELN) plan to kidnap a US official in La Paz and possibly another in Cochabamba.]

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[Previous information indicated that the ELN planned to kidnap a US official to inaugurate its urban warfare campaign. In July 1970, the ELN temporarily held two German technicians, but it has not carried out previous threats against US personnel. The US Embassy has taken special security measures. The ELN has been relatively inactive since the capture of its leader, Oswaldo "Chato" Peredo, in October.]

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